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# Professional Resources

**Article**

### The Evolution of Diversity: From 'The Right Thing' to Business Strategy
*By Anne Lindberg, i4cp*

We love it when our interviews and our hard data support each other, and that's just what happened in our recent major study on diversity. If you haven't read it, I recommend my colleague Mary Ann Downey's TrendWatcher from early October, where she writes about the interviews she has done with various diversity practitioners.

Now the hard numbers are out, and they reinforce Downey's contention that diversity is evolving into a bottom-line business issue. Although we're still analyzing results, the initial data shows some fascinating trends.

Take, for instance, information about the business case for having a diverse workforce. Companies at all performance levels seem to agree that diversity is integral to their business strategy. But high-performing organizations are more likely to say diversity is also a way to "reflect customer base/community demographics" (26%) than are mid-range (12%) and lower performers (10%). And, in a kind of mirror image, high performers (6%) are less likely than mid-range (13%) and lower performers (18%) to say they concentrate on diversity because "it's the right thing to do."

Mary Ann Downey, who oversaw the survey for i4cp's Diversity Accelerator group, argues this is an indication of an evolution. Back in the latter part of the 20th century, companies were almost shamed into diversity by the emerging cultural movements that demanded women and African Americans be given equal rights. That percolated into the business world as "it's the right thing to do" to hire women and minorities.

As women and minorities gained more economic clout, the diversity driver changed for many organizations to the 1990s' mentality of trying to reflect customer demographics. As the first decade of the 21st century comes to a close, the driver has now morphed into diversity as part of the corporate business strategy that's becoming more embedded in corporate cultures and will eventually, Downey believes, become a major component of talent management - that is, a way to entice the best talent to come into the organization and to stay there.

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*Building bridges of understanding and common interest among members*

*"Diversity is more than simply demographics. It's also about the perspectives we each bring to the table through our unique experiences. Any truly successful organization values diversity, promotes inclusiveness and appreciates the benefits diversity brings to strengthening a community."*

*Harry P. Trueheart*
*Chairman, Nixon Peabody LLP*

Stan Smith, a recently retired partner of Deloitte and a member of the i4cp Diversity Accelerator group, describes the reasons behind this evolution from the right thing to the necessary business thing as an acknowledgment of reality. Organizations that are knowledge-based and high-performing "have had to face the fact that, whether they like the way the world is set up or not, they have to compete for people for whom [diversity] is a big issue," Smith says. "I think they say, 'Well, there's a business imperative here.'"

Demographic changes are here to stay. Women are in the workforce and aren't going to leave. People of all races, genders and beliefs are redefining success. To be successful at attracting talent, particularly those younger than 35, companies have to pay attention to these things as a way to discover what will motivate workers. That translates into a "compelling business need" to foster diversity "whatever individual managers think," Smith says.

That all sounds good, but the tricky part comes in embedding diversity into the organization's culture and fabric so it does become something more than merely "the right thing to do." The best strategy to create that link between diversity and the overall business goals of the organization, Smith says, is to educate senior management.

"That's what I tried to do at Deloitte and was pretty successful at it," Smith says. He suggests aiming at the highest-level person possible and converting that person so he or she is speaking up for diversity at all times. "You have to have believers in management," he says.

That can start with demographics - showing the shifting ethnic and gender makeup of the overall population. In other words, it helps to graphically illustrate to managers what the reality of global and U.S. trends is. The goal is to make senior management understand that "reality is not optional," Smith says. "Reality is reality and has to be dealt with."

After education comes accountability. Accountability needs to be built into the business plan, Smith says. That can start out simply as collecting data and visiting managers whose metrics don't jibe with corporate goals. The attitude toward those managers shouldn't be condemnatory or "gotcha." It should be in a spirit of helping. If that doesn't work, companies can move to more elaborate methods of accountability, Smith suggests.

The i4cp survey suggests that many high-performing organizations are doing just as Smith recommends by placing more importance on CEO commitment than on any other driver of diversity program success. They also place great emphasis on "framing the issue to be business-relevant" and "creating accountability" as ways to drive successful diversity in their organizations.

Like any evolution, it sounds easy but can be filled with fits and starts, barriers and glitches. There's seldom a fast, direct line to success. The process, Smith says, is "gradual unless you have the good fortune of having a chairman who gets [it]." And Downey says it's simply hard to do unless you and your management team truly grasp what diversity can do for your company.

**i4cp's 4-Part Recommendation:**

1. Educate managers so they understand today's demographic and market realities.
2. Create the links between diversity and the overall business goals of the organization.
3. At some level, hold managers accountable for managing diversity well.
4. Make sure diversity initiatives are integrated into, and measured via, broader talent management initiative.

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- Revealing what high-performance organizations are doing differently.
- Identifying best and next practices for all levels of management. Providing the resources to show how workforce improvements have bottom-line impact
- With more than 40 years of experience and the industry's largest team of human capital analysts, i4cp is the definitive destination for organizations seeking innovative ways to improve workforce productivity.

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